



Don Nickles, Chairman  
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## **NICKLES OFFERS AMENDMENT TO ELIMINATE DOUBLE TAXATION OF DIVIDENDS**

WASHINGTON—Senate Budget Committee Chairman Don Nickles today offered an amendment that would eliminate the double taxation of dividends, providing tax relief to millions of American investors and creating as many as 500,000 jobs per year.

The amendment was offered to the jobs and growth package being considered by the Senate this week.

“Eliminating this punitive double taxation is the right thing to do; it is good policy; it is a critical component of the growth package,” Nickles said. “Right now, if a corporation makes a profit, the government taxes the corporation. When the corporation distributes those earnings to shareholders as a dividend, the earnings are taxed a second time at the individual level.

“The effective tax rate on these earnings is as much as 70 percent. We should not be taxing any kind of income at a rate of 70 percent. It skews corporate decision-making, increasing the cost of capital and impacting millions of Americans who are counting on strong markets for income, retirement savings and education savings.”

The Nickles amendment allows individuals who receive dividend payments from corporations to exempt 50 percent of those payments from tax in 2003, and 100 percent of those payments in 2004, 2005 and 2006.

“We tax dividends higher than any country in the world, save one,” Nickles said. “This amendment, though not perfect, would move us in the right direction.”

Almost half of all savings from eliminating this punitive double- taxation will go to taxpayers 65 and older, many of whom rely on these checks as a steady source of income.